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Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 INT-08 FEA-02 COME-00 TRSE-00

SCI-06 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15

SAM-01 SAJ-01 DRC-01 /133 W
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R 311030Z JAN 74
FM USMISSION BERLIN
TO SECSTATE WASHDC 2920
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
USMISSION NATO

C O N F I D E N T I A L BERLIN 0197

E.O. 11652: GDS
TAGS: ENRG, ETRN, WB. GW, UK, US
SUBJECT: TRIPARTITE STUDY OF IMPACT OF ENERGY CRISIS ON
BERLIN ECONOMY

REF: STATE 251122

1. SUMMARY: BRITISH QUESTION WHETHER BROAD STUDY PROPOSED BY U.S. WOULD SERVE ANY PRACTICAL PURPOSE. IF U.S. WISHES TO PURSUE BROAD STUDY EXCLUDING AIR SERVICES, BRITISH PROPOSE SENAT PREPARE DRAFT FOR ALLIED REVIEW AND IF, DESPITE PANAM-BRITISH AIRWAYS "RATIONALIZATION" TALKS, U.S. STILL DESIRES STUDY OF AVIATION FUEL FOR BERLIN, U.K. WOULD JOIN IN TRIPARTITE STUDY LIMITED TO IMPACT OF FUEL SHORTAGE ON BERLIN AIR SERVICES. USBER IS PROCEEDING TO PREPARE STUDY PER REFTEL UNILATERALLY. END SUMMARY.

2. BRITISH MISSION REPLIED TO U.S. PROPOSAL FOR BROAD-BASED STUDY PER REFTEL AS FOLLOWS:
"IN LIGHT OF RECENT IMPROVEMENT IN FUEL SITUATION IN WEST BERLIN
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AND FRG IT WAS QUESTIONABLE WHETHER BROAD STUDY PROPOSED BY U.S. WOULD SERVE ANY PRACTICAL PURPOSE. FRG AND *ENAT HAD ABANDONED

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SUNDAY DRIVING BAN. THERE APPEARED TO BE NO PRESENT DIFFICULTY
IN ROAD, RAIL OR WATERWAY TRANSPORT BETWEEN BERLIN AND FRG
OBTAINING SUFFICIENT FUEL. IN ANY EVENT IN FIRST INSTANCE
THESE WERE MATTERS FOR SENAT AND FRG. IN RESERVED AIR TRANSPORT
FIELD PANAM AND BRITISH AIRWAYS HAD APPARENTLY BEGUN COOPERATION
TO ACHIEVE RATIONALIZATION ON IGS WHICH SHOULD MATERIALLY ASSIT
IN CONSERVATION OF AVIATION FUEL. THIS LEFT ONLY QUESTION OF
WEST BERLIN PRIMARY ENERGY SUPPLIES WHICH HAD FOR SOME TIME
BEEN UNDER DISCUSSION BETWEEN SENAT AND ALLIES. IN THESE
CIRCUMSTANCES IF U.S. WISHED TO PURSUE SOME FORM OF STUDY ON
GENERAL FUEL SITUATION IN BERLIN (EXCLUDING AIR SERVICES)
SENAT SHOULD BE INVITED TO PREPARE FIRST DRAFT FOR ALLIED REVIEW.
IF, DESPITE PANAM/BRITISH AIRWAYS RATIONALIZATION TALKS, STUDY
OF AVIATION FUEL SUPPLIES FOR BERLIN WAS STILL CONSIDERED TO BE
NECESSARY, UK ELEMENT WOULD BE PREPARED T* JOIN IN GIVEN
FOLLOWING TERMS OF REFERENCE: 'TO INSTITUTE AS SOON AS POSSIBLE
TRIPARTITE ECONOMIC STUDY OF SHORT AND LONG TERM IMWACT OF FUEL
SHORTAGE ON RUNNING OF BERLIN AIR SERVICES.'"

3. FRENCH HAD PREVIOUSLY AGREED TO PARTICIPATE IN STUDY BASED ON
U.S. TERMS OF REFERENCE BUT ALSO SAID THEY COULD GO ALONG WITH
QUADRIPARTITE STUDY EXCLUDING AVIATION AND WITH ALLIED
STUDY ON AVIATION. FRENCH BELIEVE STUDY LIMITED TO FRENCH
AND U.S. PARTICIPATION WOULD BE UNDESIRABLE.

4. PANAM/BRITISH AIRWAYS "RATIONALIZATION" TALKS REFERRED TO
ARE DISCUSSIONS IN NEW YORK LAST WEEK WHICH, ACCORDING TO PANAM
HERE, LED TO JANUARY 24 WRITTEN AGREEMENT ON SUMMER 1974
SCHEDULE INVOLVING REDUCTION OF FIVE PANAM AND SIX BEA ROUND
TRIPS ON SPECIFIED ROUTES BUT WITHOUT SPECIFIED TIMES.

5. ALTHOUGH NEED FOR STUDY OF IMPACT OF SHORTAGES MAY NOT BE
ACUTE, AS IT SEEMED TO BE EARLIER, THERE CERTAINLY APPEARS
TO BE URGENT NEED FOR STUDY OF IMPACT OF
PRICE INCREASES. PANAM IS NOW RELATIVELY WELL OFF, WITH FUEL
CONTRACT AT REASONABLE PRICE THROUGH JUNE; BUT MODERN AIR SAYS IT
HAS HAD TO START PAYING TRIPLED FUEL PRICE IN JANUARY. MAKING
NECESSARY DM 60 INCREASE IN ROUNDTRIP FARES FOR TURKISH WORKERS
AT TIME WHEN THY AND INTERFLUG ARE APPARENTLY OFFERING TICKETS
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AT DUMPING PRICES. SENAT IS MEETING WITH TOUR OPERATORS ON FEBRUARY
1 TO CONSIDER THEIR REQUEST FOR SUBSIDY TO COVER INCREASED FUEL
COSTS OF ALLIED CHARTER COMPANIES, COUPLED WITH TOUR OPERATORS'
THREAT TO START BOOKING PASSENGERS IN AND OUT OF SCHOENEFELD IF
SITUATION DOES NOT IMPROVE BY MARCH 1.

6. THERE APPEARS TO BE LITTLE LIKELIHOOD THAT BRITISH WILL
AGREE TO PARTICIPATE IN KIND OF STUDY DEPARTMENT HAS IN MIND.
USBER THEREFORE IS PROCEEDING ON UNILATERAL BASIS.KLEIN

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